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WASHINGTON - AS WORLD WAR II WAS WINDING DOWN, WILLIAM J. CASEY ASSISTED IN PREPARING THE INITIAL PLANS FOR THE PEACETIME INTELLIGENCE SERVICE THAT EVENTUALLY BECAME THE CENTRAL INTELLIGENCE AGENCY - THE ORGANIZATION THAT HE WILL DIRECT FOR THE REAGAN ADMINISTRATION IF CONFIRMED BY THE SENATE.

CASEY WAS 31 YEARS OLD AND HEAD OF ALLIED INTELLIGENCE IN EUROPE WHEN HE ASSISTED WITH THOSE PLANS IN 1944 UNDER THE DIRECTION OF WILLIAM "WILD BILL" DONOVAN, COMMANDING GENERAL OF THE OFFICE OF STRATEGIC SERVICES (OSS), THE MILITARY INTELLIGENCE AGENCY. CASEY ALSO DIRECTED THE INFILTRATION OF SECRET AGENTS INTO NAZI GERMANY.

AFTER LEAVING MILITARY SERVICE AND RETURNING TO A NEW YORK LAW PRACTICE THAT EVENTUALLY WOULD MAKE HIM A MILLIONAIRE, CASEY SERVED ON A FIVE-MAN COMMITTEE IN 1947 THAT MADE RECOMMENDATIONS TO PRESIDENT TRUMAN ON THE NEED FOR AND STRUCTURE OF A PERMANENT AMERICAN INTELLIGENCE SERVICE.

THE EXTENT OF HIS EARLIER INVOLVEMENT WITH ORGANIZING PEACETIME INTELLIGENCE WAS REVEALED IN A LETTER HE WROTE IN 1971 TO THE CHAIRMAN OF THE SENATE BANKING COMMITTEE, WHICH WAS HOLDING CONFIRMATION HEARINGS ON HIS CONTROVERSIAL APPOINTMENT TO HEAD THE SECURITIES AND EXCHANGE COMMISSION.

AS BOTH HEAD OF THE CIA AND DIRECTOR OF CENTRAL INTELLIGENCE, CASEY, WHO HAD BEEN REAGAN'S NATIONAL CAMPAIGN MANAGER, WILL TAKE COMMAND OF A VAST HUMAN AND ELECTRONIC SPY NETWORK THAT MANY BELIEVE IS IN DIRE NEED OF A MAJOR OVERHAUL.

WHATEVER THE NEW DIRECTOR CHOOSES TO DO TO REVAMP THE CIA AND OTHER INTELLIGENCE SERVICES IS CERTAIN TO BE CONTROVERSIAL.

THERE ARE MANY PEOPLE, INCLUDING A NUMBER OF TOP REAGAN ADVISERS, WHO BELIEVE RESTRICTIONS PLACED BY CONGRESS ON CLANDESTINE ACTIVITIES DURING THE PAST SIX YEARS HAVE MADE IT IMPOSSIBLE FOR THE INTELLIGENCE COMMUNITY TO DO ITS JOB.

ON THE OTHER HAND, PROPOSALS TO LOOSEN THESE RESTRICTIONS ARE LIKELY TO MEET WELL-ORGANIZED LOBBYING FROM CIVIL LIBERTIES ORGANIZATIONS, WHICH WILL DIRECT THEIR ATTACK AT A CONGRESS THAT MAY BE RELUCTANT TO GIVE UP THE POWER IT HAS ASSUMED OVER INTELLIGENCE OPERATIONS.